

64-111

7 January 1964

Dear Bob:

During a recent discussion concerning the availability of skilled craftsmen in the Pearl Harbor area I stated I would endeavor to get information from contractor friends of mine who carried on extensive construction work in the area.

As a result of my inquiry, Mr. W. E. Waste of the Bechtel Corporation has written me concerning the problem and I attach a copy of his letter. Their experience in engineering construction in the islands indicates that there exists a reasonable supply of men skilled in the crafts and trades employed in shipbuilding and repair. However the first paragraph on page 2 of Mr. Waste's letter raises some question as to whether a surplus of skilled manpower exists or whether, in the alternative, the contractors "live off of" the Navy Yard at Pearl Harbor.

Sincerely,

15/John

John A. McCone

Attachment

The Honorable Robert S. McNamara *sent*  
The Secretary of Defense  
Department of Defense  
Washington, D. C.

JAM/mfb

O & 1 - addressee w/attch on original

lcc - DCI Defense file w/cy attch

lcc - DCI chrono w/cy attch

lcc - ER w/cy attch.

*Defense*

BECHTEL CORPORATION  
3025 WHITEHAVEN STREET, N.W.  
WASHINGTON 8, D.C.  
SAN FRANCISCO

December 20, 1963

W. E. WASTF  
CHIEF

Mr. John A. McCone  
3025 Whitehaven Street, N.W.  
Washington 8, D. C.

Dear John:

Under date of December 13th you wrote to Steve regarding the possible difficulties of securing permanent, skilled shipyard employees in the various trades and disciplines at the Navy Yard at Pearl Harbor and pointed out that this interest was in line with the current efforts being made by our government in finding ways to economize in all areas where such economies might be made, with particular reference to the question raised regarding the difficulty of securing and holding competent people.

As a result of your letter and since several of us, including John Kiely, Senior Vice President and Director, and John O'Connell, Vice President and Director, have had, as you know, war-time shipbuilding experience (Calship and Marinship) and since John O'Connell also has continued to direct our labor relations policies, we feel that their views would be worthy of consideration.

Specifically, O'Connell points out that over the three-year period of construction of the Standard Oil refinery job near Honolulu we employed a total of 3,000 skilled men to maintain a work force of 1,500. These figures, in themselves, are slightly better than those applicable to the mainland. Essentially, the only problem we encountered was that of securing a small number of highly skilled pipe welders whom we were able to import from the mainland, in spite of the prevailing wage differential in the Islands. Other than these specialists, we had no difficulty manning the job with competent people who, for the most part, had good work attitudes.

Mr. John A. McCone  
December 20, 1963  
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One source of manpower available to us were people who had accumulated extended leaves of absence with pay, as long as 60 to 75 days, from Pearl Harbor. These experienced craftsmen took their leave and went to work for us at the refinery. We found them to be excellent workers who were as competent as those on the mainland and quite often better. With regard to the specialists we needed, there was no difficulty recruiting men on the mainland to go to Honolulu. Most of them stayed until the job was over and, interestingly enough, a great many continued to live in the Islands and have been available to us on other construction jobs, such as the building of large thermal power plants for Hawaiian Electric Company in conjunction with Hawaiian Dredging Company.

While building the Standard Oil refinery, we and Hawaiian built a large cement plant and, to the best of our knowledge, these projects also had the same experience regarding their skilled workers.

In some instances we felt it advisable to initiate training programs, such as we had to do here on the mainland if necessary, and here again found that it was possible to very rapidly train unskilled workers to become excellent craftsmen.

Inasmuch as there is a wage differential in the Islands under the mainland and since productivity there is equally good or better than on the mainland, our opinion would be that labor costs in the Islands would appear to be quite favorable.

Certainly, the effort being made in Washington to effect savings is a worthy one and you may rest assured of our full support.

Steve will be in touch with you later, but he did want you to have an answer to your letter at the earliest possible date.

Sincerely yours,